



FuelCell Energy

March 7, 2008

To: The Honorable John W. Fonfara
The Honorable Steven Fontana
Co-Chairs, Energy and Technology Committee

Re: **RAISED BILL NO. 590**
AN ACT CONCERNING RENEWABLE ENERGY.

FuelCell Energy, Inc. (FCE) is a manufacturer of ultra-clean high efficiency fuel cell power systems with operations in Danbury and Torrington and is pleased to provide these comments in support of Raised Bill 590.

Raised Bill No. 590 provides a means of continuing the already successful efforts of the Connecticut Clean Energy Fund (CCEF) and the Department of Public Utility Control (DPUC) under Project 100 to develop in-state Class 1 generation resources. Resources put in place under Project 100 and any subsequent expansions will support achievement of the Legislative mandate that 20% of Connecticut's electricity be provided from Class 1 generation by 2020.

We offer the following supporting considerations:

1 – The program has been successful to date. Through Rounds 1 and 2 of the implementation process 124 MW of the minimum of 150 MW required under statute has been approved. Additional capacity will be evaluated under a Round 3 Request for Proposals scheduled for issuance by CCEF later this month. The first two rounds have provided a diversity of projects and technologies including, biomass, fuel cells and biogas.

2 – The process of selection and review is mature. Since enactment of PA – 03-135 set in motion Project 100 considerable effort has been expended by CCEF, the DPUC, Utilities and industry to establish forms of power contracts, RFP formats and evaluation processes and docket proceedings. Over the course of this time, barriers to success were evaluated and overcome. Additionally, criteria for addressing contract methods, fuel resources and implementation has been developed.

All of this constitutes a valuable investment that will make the implementation of an additional 100 MW more efficient and result in innovative, high quality and high value Class 1 capacity.

3 – The structure of Project 100 remains a model program. Project 100 (and its enabling legislation) addressed several key barriers to stimulate the development of in-state Class 1 capacity, capital deployment and project innovation.

Effective Size - Contracts are a minimum of 1MW and no greater than 30 MW - ensures both economy of scale and diversity of project types.

Sufficient Term - CT Utilities acquire the project output, as part of Renewable Portfolio Standard obligations, for a minimum contract term of 10 years – allows projects to access capital markets for financing.

Motivation to Perform - Contract pricing is on an “as produced “ basis – assures that ratepayers will be only paying for benefits delivered – encourages innovative projects, but with commercially ready technologies.

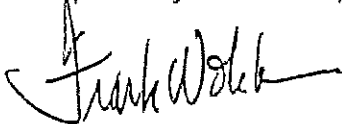
Flexibility of Pricing – Contracts allow for fixed and variable pricing options allowing projects to select a best fit at least cost.

The fundamentals of the program are sound and indicative of the quality of the underlying legislation. The additional 100 MW will be applied on a solid foundation.

4 –100 MW is a good incremental level. Connecticut's goal of 20% Class I electricity by 2020 is equivalent to nearly 1000 MW generation capacity. In the absence of in-state generation, compliance will be achieved through payment of penalties or exporting ratepayer funds with no resulting benefits from in-state manufacturing jobs, construction, or property and sales taxes. The 100 MW level proposed is a modest increment that will continue Connecticut on a path to achievement of its RPS goals, yielding projects that are innovative, efficient and as cost effective as possible.

FuelCell Energy appreciates the opportunity to provide these comments.

Respectfully Submitted,



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